

Message Text

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PAGE 01 PRAGUE 00174 261730Z

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E.O. 11652: N/A

TAGS: ETRD, CZ

SUBJECT: FOREIGN SALES OFFICES IN CZECHOSLOVAKIA

REF: 75 PRAGUE 3192

1. SUMMARY. CHIEF OF DEPARTMENT AT MINISTRY OF FOREIGN
TRADE HAS PROVIDED EMBOFFS ADDITIONAL INFORMATION, DETAIL, AND
CLARIFICATION RE DECREE ALLOWING FOREIGN FIRMS TO ESTABLISH
OFFICES IN CZECHOSLOVAKIA. END SUMMARY.

2. ACCORDING TO MFT, APPLICATIONS MUST BE SIGNED BY RANKING
EXECUTIVE AT HEADQUARTERS OF APPLYING FIRMS. THUS, E.G.,
IBM ROECE, VIENNA, COULD NOT SUBMIT APPLICATION IN ITS OWN
NAME, BUT SOLELY IN THAT OF IBM NEW YORK. THIS IS MEANING
OF OBSCURE PHRASE "STATUTORY ORGAN" IN ARTICLE 4 OF DECREE.

3. APPLICATION SHOULD INCLUDE A FINANCIAL STATEMENT,
INCLUDING PREFERABLY A STATEMENT FROM FIRM'S BANK, PROVIDING
INFORMATION ABOUT FIRM'S NET WORTH. THESE STATEMENTS SHOULD
BE NOTARIZED, AND IT IS RECOMMENDED FOR FASTER EVALUATION
THAT THEY ALSO BE CERTIFIED BY APPLICANT'S CHAMBER OF COMMERCE,
TRADE ASSOCIATION, ETC. A LETTER SAYING STATEMENTS CON-
TAINED THEREIN ARE TRUE TO CHAMBER'S KNOWLEDGE SHOULD BE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PRAGUE 00174 261730Z

SUFFICIENT.

4. APPLICATION SHOULD DESCRIBE EXACTLY HOW REPRESENTATIVE OFFICE WOULD FIT INTO OVERALL CORPORATE STRUCTURE, I.E., TO WHICH OFFICE IT REPORTS. REPRESENTATIVE OFFICES CAN REPRESENT ONLY THEIR PARENT COMPANIES. THEY MAY NOT HANDLE OTHER CORPORATION'S ACCOUNTS IN CZECHOSLOVAKIA, EXCEPT IN CASE OF A CONGLOMERATE. IF HOLDING COMPANY ESTABLISHES OFFICE, IT MAY REPRESENT ALL OF VARIOUS DIVISIONS AND SUBSIDIARIES.

5. APPLICATIONS WILL NOT BE ACCEPTED FROM SMALL, FAMILY-OWNED FIRMS, WHOSE SOLE OFFICE WOULD BE IN PRAGUE.

6. APPLICATIONS SHOULD STATE IN WHICH CITY APPLICANT WANTS TO OPEN OFFICE, AMOUNT OF OFFICE SPACE REQUIRED, TELEX, TELEPHONE FACILITIES NEEDED, AND NUMBER OF LOCAL EMPLOYEES NEEDED AND THEIR QUALIFICATIONS. HEAD OF OFFICE CAN BE EITHER WESTERN OR CZECH. IF COMPANY CHOOSES TO BRING IN WESTERNER TO MANAGE OFFICE, HIS CURRICULUM VITAE SHOULD ACCOMPANY APPLICATION, PARTICULARLY INCLUDING ANY PREVIOUS BUSINESS CONTACTS WITH CZECHOSLOVAKIA.

7. APPLICATION MUST INCLUDE A CZECHOSLOVAK ADDRESS TO WHICH MINISTRY OF FOREIGN TRADE CAN ADDRESS ALL CORRESPONDENCE. EMBASSY COULD SERVE THIS PURPOSE, BUT ALL APPLICATIONS MUST BE SUBMITTED IN CZECH OR SLOVAK LANGUAGES. THIS OBVIOUSLY WILL REQUIRE SERVICES OF CZECHOSLOVAK LAWYERS, SO WE SUGGEST THAT APPLICANTS CONTACT CZECHOSLOVAK BAR ASSOCIATION TO OBTAIN LEGAL SERVICES, AND TO FIND SOMEONE TO LOOK AFTER THEIR INTERESTS AND RESPOND TO ROUTINE REQUEST FROM MINISTRY UNTIL OFFICE IS OPENED. NAME (IN CZECH) AND ADDRESS OF BAR ASSOCIATION IS: ADVOKATNI PORADNA, NARODNI TRIDA 32, PRAGUE 1, CZECHOSLOVAKIA.

8. REPRESENTATIVE OFFICES MUST WORK THROUGH THE CZECHOSLOVAK FOREIGN TRADE CORPORATION AUTHORIZED TO IMPORT THEIR COMPANY'S PRODUCTS. THIS DOES NOT EXCLUDE THEIR CONTACTING END-USERS, BUT ANY SUCH CONTACTS MUST BE ARRANGED THROUGH FOREIGN TRADE CORPORATIONS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PRAGUE 00174 261730Z

9 APPLICATION SHOULD STATE IF REPRESENTATIVE OFFICE WILL BE ALLOWED TO SIGN CONTRACTS, OR WILL BE ESTABLISHED ONLY FOR PROMOTIONAL PURPOSES.

10. WHEN A FIRM RECEIVES WRITTEN APPROVAL FROM MFT TO OPEN AN OFFICE, IF WILL SHOW THIS DOCUMENT TO SPRAVA SLUZEB, A BRANCH OF MINISTRY OF FOREIGN AFFAIRS THAT PROVIDES OFFICES AND LOCAL EMPLOYEES TO EMBASSIES AND FOREIGN FIRMS. SPRAVA

SLUZEB WILL THEN BE OBLIGED TO FIND OFFICE SPACE FOR FIRM,
BUT IT IS LIKELY THAT MOST FIRMS WILL HAVE TO OPERATE OUT OF
HOTEL ROOMS FOR MONTHS BEFORE RECEIVING REAL OFFICES. IF
SUCESSFUL APPLICANTS ARE ABLE TO MAKE THEIR OWN ARRANGE-
MENTS FOR SPACE WITH CZECH OWNERS OF HOUSES OR APARTMENTS,
THESE MUST BE APPROVED BY SPRAVA SLUZEB. THE SAME GOES
FOR LOCAL EMPLOYEES THAT FOREIGN FIRMS LOCATE ON THEIR OWN:
SPRAVA SLUZEB MUST APPROVE BEFORE THEY CAN BE HIRED.
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